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ABSTRACT

The Workforce Investment Act represents a total customer-driven overhaul of the U.S. job training system that will help employers obtain needed workers and empower job seekers to obtain the training needed for the jobs they want. The Department of Labor will implement the Workforce Investment Act in cooperation with the Department of Education. The Workforce Investment Act will rebuild the country's work force development system around several key principles: streamlined services, empowerment of individuals, universal access, increased accountability, strong role for local boards and the private sector, state and local flexibility, and improved youth programs. By establishing comprehensive state and local work force development systems, the Workforce Investment Act will improve the quality of the work force, enhance the nation's productivity and competitiveness, and reduce welfare dependence. Fundamental changes in service delivery include the following: development of one-stop service delivery; provision of a continuum of services for adults and dislocated workers; and availability of core career development, intensive, and training services throughout clients' lifetimes; formula youth programs and youth opportunity grants; national programs for special needs groups; state and local accountability for results; program evaluation based on core indicators of performance; state-negotiated levels of performance; and institution of incentives, sanctions, and technical assistance. (MN)

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Implementing the Workforce Investment Act of 1998
A White Paper

November 12, 1998

Workforce Investment Implementation Taskforce
Employment and Training Administration

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MESSAGE FROM THE SECRETARY OF LABOR

With an economy more vibrant than any we've seen in 30 years, America is looking forward to a new century filled with endless possibilities for growth and opportunity. Just this year, millions of new jobs have been created. Unemployment is at an all-time low, and wages are on the rise.

But with new high-skill jobs growing at nearly three times the rate of other jobs, many employers are having a hard time attracting qualified workers. And millions of workers with few or no skills feel trapped in jobs leading nowhere.

As Secretary of Labor, one of my chief goals is bridging the gap between job opportunities and the pool of workers who are qualified to fill them. I want to equip every American worker with skills that will not only secure a good job, but guarantee every step up the workforce ladder leads to even greater opportunities.

That is why the Department of Labor worked with Congress to create the historic Workforce Investment Act, signed into law this year. Five years in the making, the Workforce Investment Act represents a total overhaul of our country's job-training system -- a customer-driven overhaul that will help employers get the workers they need and empower job seekers to meet the challenges of the new century by getting the training they need for the jobs they want.

The Workforce Investment Act makes this possible through an innovative "One-Stop" system designed to provide a full menu of job training, education and employment services at a single neighborhood location where adults, veterans, dislocated workers and youth will receive skills assessment services, information on employment and training opportunities, unemployment, services, job search and placement assistance, and up-to-date information on job vacancies -- all at one center specifically tailored to meet the needs of the community it serves.

Best of all, job seekers will control their own careers by choosing the training programs and services that fit their needs. And they'll keep that control for life. So when it's time to make another move up the career ladder, sharpen a skill, learn a new one, or just get information, workers will be able to continue to rely on their local One-Stop Center.

The Workforce Investment Act also provides for increased accountability. The performance of states, localities and training providers will be monitored against goals set by the Act --including job placement rates, earnings, retention in employment, and skill gains. Failure to meet the goals will lead to sanctions, while exceeding them will lead to incentive funds.

But the Workforce Investment Act is more than a new job training system. It's a strong network of interlinked programs designed to provide wide choices to Americans seeking new opportunities and valuable information. And, it's a chance for us to harness today's opportunities for success and invest them in the workforce of tomorrow.

I am immensely proud that 15 million young out of school Americans will not be left out of this system. The law focuses on the needs of kids in left-out communities to ensure they are pulled into the inner circle of opportunity offering all of us a pool of talent for the future. That is why I am inviting everyone -- government, business, labor and communities to work together to prepare America's workforce for the challenges of the 21st Century.

Implementing the Workforce Investment Act of 1998

(11/12/98)

The Workforce Investment Act will empower all workers -- young and old -- with the skills and knowledge to build better lives for themselves and their families as we enter the new century.

Secretary of Labor Alexis Herman
August 8, 1998

Purpose

This paper sets forth in general terms the approach the Department of Labor is taking to implement titles I, III, and V of the Workforce Investment Act. The implementation of title V will be conducted in conjunction with the Department of Education. Implementation is guided by the goals and specific requirements of the new law, as well as by the Act's legislative history, the bipartisan "reform" principles that have been articulated by the President and Members of Congress, the views of workforce investment system stakeholders, and specific Departmental and Administration principles that affect implementation (such as regulatory reform).

This paper is only one of a series of documents and other materials -- including regulations, questions and answers, technical assistance guides, etc. -- that will guide implementation of the Act. It is not intended to answer all questions relating to implementation, but rather to provide the general philosophy and approach to implementation. Other documents will address more specific issues. Comments on this paper and other implementation materials are welcome and should be sent to the address at the end of this paper.

Introduction

The Workforce Investment Act of 1998 represents the first major reform of the nation's job training system in over 15 years. The enactment of this legislation is the culmination of a four year bipartisan effort on the part of the Administration and Congress to design, with States and local communities, a revitalized system that provides workers with the information, advice, job search assistance, and training they need to get and keep good jobs -- and provides employers with skilled workers.

This reform comes at an opportune time. The American economy is stronger than it has been in a generation, and it is increasingly driven by creativity, innovation and technology. New high-skill jobs are growing at nearly three times the rate of other jobs. Many employers are finding it increasingly difficult to locate and attract qualified workers for high-skilled, high-paying jobs -- as well as qualified workers for entry-level jobs. At the same time, millions of workers with little or no skills feel trapped in low-wage, dead end jobs. Reforms under the Workforce Investment

Act will permit us to build a delivery system in which any adult interested in advancing his or her career -- regardless of income -- can keep on learning, and where job seekers -- such as low-income adults including welfare parents, disadvantaged youth, unemployed or displaced workers, and others willing to learn and work -- can access high quality information and services. This delivery system should be designed with the participation of employers, labor, education and community groups which have a large stake in its success.

The enactment of the Workforce Investment Act provides unprecedented opportunity for major reforms that will result in a reinvigorated, integrated workforce investment system. States and local communities should seize this historic opportunity by thinking expansively and designing a customer-focused, comprehensive delivery system. New, strong, business-led local boards can contribute fresh thinking about the labor market and its needs -- as well as about quality and continuous improvement -- in a way that earns sustained support by local business leaders. We will know if we have successfully implemented this legislation if in less than five years, businesses actively use the workforce investment system to fill their labor force needs, "graduates" increase their skills and earnings, and more and more Americans seek access to the system's services.

States and communities will be able to strengthen ongoing reforms that have been supported by the Department of Labor through the One-Stop initiative, the School- to-Work Opportunities initiative which is administered jointly with the Department of Education, and through flexibility provided through waivers and Work-Flex. By eliminating many of the administrative and regulatory barriers that have previously existed, this Act provides States and local communities with the tools they need to finally build the comprehensive systems they have been striving towards.

Background

The current patchwork of Federal job training programs has taken shape over the last six decades, each element responding to a particular concern at a specific time, but never fully brought into alignment with the other components of the "system". The effects of this approach include:

Limited choice. In most programs, choices about job training are made through bureaucratic processes. Men and women seeking new opportunities must settle for what the system has available rather than being permitted to search the market to select the job training that is right for them.

Lack of quality information. Good choices call for reliable data about what jobs are available, what skills they require, and which training institutions offer the best value and performance. But, the current system too often does not provide this type of information to individual job seekers and employers.

Weak strategies. Confronted with splintered and disorganized programs, States and local communities have found it challenging to devise effective strategies for deploying Federal

resources, or for effectively integrating Federal efforts with one another and with their own resources. As a result, the private sector has questioned the value of the system.

Absence of strong accountability. The quality of training and related services is highly uneven. Institutions can continue to get Federal funds regardless of performance. Too often, rewards are not targeted to the best programs.

By integrating numerous Federal education, training and employment programs into a comprehensive, streamlined system, the Workforce Investment Act strives to overcome these and other shortcomings of the nation's job training system.

Principles

The Workforce Investment Act gives American workers the chance to equip themselves with the skills and information needed to compete in the new economy, and helps workers take responsibility for building a better future for themselves and their families.

To accomplish the goals of the new legislation, the new workforce investment system will be built around several key principles:

Streamlining services. Multiple employment and training programs will be integrated at the "street level" through the One-Stop delivery system. By building on One-Stop implementation efforts already underway in the vast majority of States, this integrated system will simplify and expand access to services for job seekers and employers.

Empowering individuals. Individuals will be empowered to obtain the services and skills they need to enhance their employment opportunities. This empowerment will be accomplished through Individual Training Accounts which will enable eligible participants to choose the qualified training program that best meets their needs. The development of "consumer reports" containing information for each training provider will allow individuals to make informed training choices.

Universal access. Through the One-Stop system, every individual will have access to core employment-related services. Customers can obtain job search assistance as well as labor market information about job vacancies, the skills needed for occupations in demand, wages paid, and other relevant employment trends in the local, regional and national economy.

Increased accountability. States, localities and training providers will be held accountable for their performance. The Act identifies core indicators of performance -- including job placement rates, earnings, retention in employment, skill gains, and credentials earned -- that States and local areas would have to meet. Failure to meet the performance goals will lead to sanctions, while exceeding the levels could lead to the receipt of incentive funds. Training providers will have to meet performance goals to remain eligible to receive funds under the Act.

Strong role for local boards and the private sector. Local boards will become business-led "Boards of Directors" for the local areas. By relieving them from "nitty-gritty" operational details, the Act ensures they will be able to focus on strategic planning, policy development and oversight of the local system.

State and local flexibility. States and localities will have exceptional flexibility to build on existing reforms in order to implement innovative and comprehensive workforce investment systems. Through such mechanisms as unified planning, waivers, and Work-Flex -- as well as through the Act's grandfathering provisions which allow States to continue innovative practices -- States and their local partners have the flexibility to tailor delivery systems to meet the particular needs of individual communities.

Improved youth programs. Youth programs will be linked more closely to local labor market needs and the community as a whole, and will provide a strong connection between academic and occupational learning. In addition, traditional employment and training services will be augmented by an array of youth development activities. The establishment of a youth council in every local area will raise the visibility of youth programs and facilitate coordination and strategic design. The Act also authorizes Youth Opportunity Grants that are designed to provide funding to increase job opportunities for youth in high poverty areas. In addition, the Act reforms the Job Corps program by strengthening linkages among Job Corps centers, the State workforce investment systems, the local communities in which they are located, and employers.

A fundamental reform of Federal programs and policies based on these principles will permit communities and States to craft a workforce investment system that respects individual choices, reflects local conditions, and delivers results.

Goals

Through the establishment of comprehensive State and local workforce investment systems that are constructed around the basic principles described above, the Act strives to increase the employment, retention, and earnings of participants, and increase occupational skills attainment by participants. In achieving these goals, the new system will also:

1. *Improve the quality of the workforce.* Finding workers to sustain America's economic growth is becoming one of the most crucial concerns of business owners and managers across the United States. Changing job requirements and the resulting demand for new skills, the desire for reliable worker credentials, and shifting company and industry structures mean continuing intense demand for high-quality services that enable workers to meet the needs of the labor market. The Act was developed with the recognition that, as the 21st century approaches, we have to develop training opportunities that respond to market needs and provide consumer choices.

2. *Enhance the productivity and competitiveness of the Nation.* The world of work is continuously changing. Economic progress greatly benefits many American workers and American businesses, but it poses important challenges as well. New technologies, changes in international trade,

deregulation, and greater competition have led to structural changes in the U.S. labor markets. Research suggests that rapid technological progress, fierce competition, further integration of the U.S. economy with other economies, and significant demographic changes will continue. This Act will create a system that can quickly respond to such changes, and that is intended to efficiently prepare workers to meet the needs of the labor market, provide key labor market information, and help provide businesses with the resources to remain competitive. An integrated, highly accountable workforce investment system is critical if American workers and businesses are to keep pace in this rapidly changing economic environment.

3. *Reduce welfare dependency*. Working with the hardest to serve is a major challenge in welfare reform despite reduced caseloads. This Act aims to reduce welfare dependency and provide the tools to do so through the One-Stop system that includes the Welfare-to-Work program, and is able to integrate TANF and other programs that serve the welfare customer -- in order to invest in the employment and job retention of the hardest to serve. In areas where adult funding is limited, welfare recipients and other low wage individuals will receive priority for intensive and training services. Collaboration between the workforce investment and welfare systems is important for several reasons. Both systems now focus on helping clients become employed. In addition, the two systems serve many of the same customers. Common customers also include employers who hire clients of the two systems. Finally, given scarce resources, strong collaboration will ensure that efforts are not duplicated.

Fundamental Change in Service Delivery

This bill is tailored to meet the local needs of both workers and business for years to come. It will help all Americans who want to take advantage of the new high paying jobs that our economy is creating. It will provide business with the skilled employees they need to compete in the global high-tech economy. Above all it will make sure that as our economy moves into the 21st century, our job training system does too.

Secretary of Labor Alexis Herman
July 31, 1998

One-Stop Service Delivery

The cornerstone of the new workforce investment system is One-Stop service delivery which will unify numerous training, education and employment programs into a single, customer-friendly system. The underlying notion of "One-Stop" is the integration of programs, services and governance structures. The Employment Service plays a critical role in One-Stop service delivery as the primary job finding source, especially for unemployment insurance (UI) claimants. It provides quality information to the public about jobs, the dynamics of the labor market, available training and education opportunities, and the links to other public and private services.

It is envisioned that each State could use common intake and case management systems in order to take full advantage of the One-Stops' potential for efficiency and effectiveness. A wide range of services from multiple training and employment programs will be available to meet the needs of a variety of customers -- employers and job seekers. In addition, these local One-Stop centers will be places where all Americans can access high quality local information on available jobs, skill requirements, and training provider performance.

The Act requires the establishment of a One-Stop system in each local area. The local board, in collaboration with the local elected official, is responsible for overseeing the One-Stop system in their local area. While the Act establishes certain minimum requirements for the structure of the local system, it allows local communities significant flexibility in the design and implementation of their One-Stop systems.

Each local One-Stop system will be comprised of numerous partners that will provide core services through the One-Stop system. It is envisioned that every local system will represent true collaboration between all of the One-Stop partners. Partners will provide such services in a way that is consistent with their authorizing legislation.

Required Partners:
Adult, Dislocated Worker, and Youth Activities
Employment Service
Adult Education
Postsecondary Vocational Education
Vocational Rehabilitation
Welfare-to-Work
Title V of the Older Americans Act
Trade Adjustment Assistance
NAFTA Transitional Adjustment Assistance
Veterans Employment and Training Programs
Community Services Block Grant
Employment and training activities carried out by the U.S. Department of Housing and Urban Development
Unemployment Insurance

The Act specifies several Federal programs and activities that are required to participate in each local One-Stop system. The local area may also include other appropriate Federal, State or local programs -- as well as private sector initiatives -- as partners in the One-Stop system. Ultimately, a local community could have dozens of designated partners in their system.

Each One-Stop partner is required to enter into a Memorandum of Understanding (MOU) with the local board. The MOU will describe: (1) the services to be provided through the One-Stop system; (2) how the costs of the services and the operating costs of the system will be funded; (3)

methods of referral of individuals between the One-Stop Operator and the One-Stop partners; (4) the duration of the MOU; and (5) the procedures for amending the MOU. The MOU may also be used to address such other issues as the parties determine are appropriate. One-Stop partners also are required members of the local board --in order to provide them with an integral role in policy development and overall system evaluation

A One-Stop operator will be designated to manage the day-to-day functioning of the local One-Stop system. One-Stop operators may be designated or certified through a competitive process or in accordance with an agreement reached between the local board and a consortium of entities that, at a minimum, includes three or more of the mandatory One-Stop partners. A wide range of organizations and entities -- such as postsecondary educational institutions, local Employment Service offices, community- based organizations, private for-profit entities, or government agencies -- are eligible to be designated or certified as a One-Stop operators. However, a local board may only be designated or certified as a One-Stop operator with the agreement of the chief local elected official and the Governor. Each local area is required to have at least one physical "full service" center at which customers can access services from each of the One-Stop partners. This comprehensive center can be augmented by additional "full service" centers and through a network of affiliated sites, or a network of One-Stop partners that can consist of physical sites or electronic access points.

Regardless of the design that a local area chooses, it must be based on a "no wrong door" approach which will assure customers that information all of the core services will be available regardless of where the individuals initially enter the system. This means it does not matter whether an individual enters the system as a UI claimant or as a job seeker seeking information through the Employment Service -- in either case, he or she will have access to the full range of services available through the local system.

Adults and Dislocated Workers -- A Continuum of Services

It is envisioned that One-Stop centers will offer a wide spectrum of services -- ranging from self-service activities such as using a computer to get information from America's Job Bank, to intensive staff-assisted services such as group counseling, and include access to training and other services for which the individual may be eligible. While this range of services is to be made available, the levels to be offered are not prescribed in the Act. Individuals with special needs -- for example, persons with disabilities, non-English speaking persons, or those who lack computer skills -- will be accommodated so that they can access all services offered for which they are eligible.

There are separate funding streams for adults and dislocated workers. For both, the Act provides for three levels of services: core services; intensive services; and training. These levels of services are to be accessed sequentially -- that is the more extensive levels of services are provided when the individual is unable to obtain employment with the more basic services.

In the new system, "placement" no longer needs to be immediately followed by "termination." This will result in a shift from short-term "episodic" fixes to a system where individuals can access information and services continuously throughout their lifetime. This focus will provide new opportunities for low-wage workers to benefit from the workforce investment system. For example, former welfare recipients who are placed in a job through the Welfare-to-Work initiative will be able to remain in the workforce investment system and continue to obtain the information and services they need in order to progress through the labor market.

Core Services:

In the new workforce investment system, all Americans will see the One-Stop Centers as a community resource they can use throughout their lifetime to enhance their job skills as they move up the career ladder -- rather than just a place to go in times of a crisis, such as when they lose their jobs. Previously, only Wagner-Peyser funds could be used to provide labor market information and labor exchange services for any employer or job seeker without regard to specific program eligibility. This Act expands the concept of universal access to all core services provided through the One-Stop Centers. By integrating the services offered through multiple programs and using available technology, the One-Stop system will be able to offer customers -- job seekers and employers -- a choice of any or all core services and information. The combination of Wagner-Peyser funds, funds from the Workforce Investment Act, and funds from other One-Stop partners should result in a dramatic expansion of accessability to core services.

Core Services:
Determination of eligibility of services.
Outreach, intake (which may include worker profiling), and orientation to the One-Stop system.
Initial assessment. Job search and placement assistance, and career counseling.
Provision of labor market information.
Provision of information on:

- eligible training providers;
- local performance outcomes;
- one-stop activities;
- filing claims for Unemployment Insurance;
- supportive services

Assistance in establishing eligibility for Welfare-to-Work and financial aid assistance.
Follow-up service.

Consistent with the MOU and the legal requirements applicable to each One-Stop partner, the core services in the centers and One-Stop system may be provided by the partners, the operator, or through other arrangements. Local boards cannot directly provide core services unless the chief local elected official and the Governor agree to allow the board to provide such services.

It is important to note that the Employment Service has been and will continue to be an essential component of any One-Stop system. The Act requires that all basic Wagner-Peyser-funded labor exchange services be provided as part of the One-Stop system. Similarly, the One-Stop system is intended to maintain close linkages to the unemployment insurance system. In addition to providing information on filing for UI as a core service, the system would also be the provider of reemployment services to UI claimants who are "profiled" as needing these services to become reemployed. The UI program may be co-located in the centers, the centers may be a source for filing telephone claims for UI assistance, or other arrangements may be made. Finally, through the Employment Service component of the One-Stop, the system will continue to assist the UI program in verifying that UI claimants are actively seeking employment.

Intensive Services:

Intensive services may be provided to adults and dislocated workers who are unemployed and are unable to obtain employment through core services, if the One-Stop operator determines that the individual is in need of more intensive services in order to obtain employment. Adults and dislocated workers who are employed, but who are determined by the One-Stop operator to be in need of intensive services in order to obtain or retain employment that allows for self-sufficiency are also eligible to receive intensive services.

Intensive Services:
Comprehensive and specialized assessments of skill levels (i.e. diagnostic testing);
Development of an individual employment plan;
Group counseling;
Individual counseling and career planning;
Case management;
Short-term prevocational services

Intensive services may be provided by One-Stop operators or through contracts with service providers, including contracts with public, private for-profit and private nonprofit service providers, approved by the local board. Local boards cannot directly provide intensive services unless the chief local elected official and the Governor agree to allow the board to provide such services. If the local board and the Governor determine that there is a shortage of adult funds in the local area, they will direct the One-Stop operator to give priority in the use of these funds for intensive services to welfare recipients and other low-income individuals.

Training Services:

Individuals who have met the eligibility requirements for intensive services, and are unable to obtain or retain employment through intensive services may receive training services. Through the One-Stop system, these individuals will be evaluated to determine whether or not they are in need of training and if they possess the skills and qualifications needed to participate successfully

in the training program in which they express an interest. Training services must be directly linked to occupations that are in demand in the local area, or in another area to which the individual receiving services is willing to relocate. As with intensive services, in areas where the local board and the Governor determine that adult funds are limited, welfare recipients and other low-income individuals shall receive priority in the use of such funds for training services.

The underlying principle of the provision of training services under the Act is customer choice. One-Stop centers will provide access to consumer information relating to training providers that can assist individuals in gaining relevant skills -- including information on the performance of such providers in placing graduates in employment. Through local boards, each State will compile a list of eligible training providers that meet performance levels as set by the Governor, and adjusted upward, as appropriate, by local boards. Individuals may choose any provider from the list of approved providers, whether or not the provider is located in the local area where the individual resides. In addition, States may enter into agreements on a reciprocal basis which allow individuals to access training in another State.

The Act creates a market-based system for training services, and will provide "a level-playing field" for a wide array of providers -- large and small, public and private. Those who provide training services under the Act will have to meet the test private businesses face every day. They will have to deliver value to their customers, or risk losing them. With individuals making their choices based on past performance, ineffective training providers will not survive.

With limited exceptions, training services will be provided through the use of Individual Training Accounts (ITAs). States and local boards will determine how to structure the ITA system in their local areas. For example, an ITA could take a variety of forms such as a voucher, credit, debit card, or even a repository for training funds from other programs. In addition, the law does not prescribe a limit on the amount that may be provided to assist an individual in obtaining training, but does not preclude a State or locality from establishing such limits.

Training services may be provided through a contract for services instead of an ITA only if: (1) such services are on-the-job training provided by an employer or customized training; (2) the local board determines there are an insufficient number of eligible providers of training services in the local area (such as rural areas) to accomplish the purposes of the ITA system; or (3) the local board determines that there is a training program of demonstrated effectiveness offered in the local area by a community-based organization or another private organization to serve special participant populations that face multiple barriers to employment (e.g. individuals with substantial language or cultural barriers, offenders, homeless individuals, or other hard-to-serve populations as determined by the Governor). Local boards may not directly provide training services unless they receive a waiver from the Governor. Since the intent of the Act is to reform the local service delivery system, and to move away from the current practice of contracting for blocks of services, and then finding participants to fill them -- these exceptions are meant to be limited.

Youth Programs. Through the reform of the current youth training system and the Job Corps

program, and the authorization of the Youth Opportunity Area initiative, the Act provides a variety of activities that will prepare youth for academic and employment success. The youth programs authorized under this Act are designed to create youth systems that are closely linked to the labor market and are designed to provide participants with a comprehensive set of service strategies.

Formula Youth Program: Through the combination of the Year-Round Youth Training funding stream and the Summer Youth Employment Program funding stream into a single youth funding stream, local areas will have greater discretion in determining how to allocate resources to serve youth. The new single youth program fuses youth development activities (i.e. leadership growth opportunities such as community service) with traditional employment and training activities. It is based upon several key elements: integrated academic and vocational education; integrated work-based and classroom-based instruction; effective connections to intermediaries with strong links to the job market and employers; and intensive private-sector involvement.

A Youth Council will be established as a subgroup of the local board in each local area and will include representatives of: youth service agencies; parents; public housing authorities; Job Corps; former youth program participants; and other appropriate individuals. The Youth Council will be responsible for developing portions of the local plan relating to youth, recommending the providers of youth activities to be awarded grants by the local board, conducting oversight of these providers, and coordinating youth activities in the local area. The creation of these councils will be an unprecedented opportunity for a broad range of entities to play an integral role in the development and oversight of the youth development and training system, and facilitate the enhanced coordination of youth services. Youth services are to be delivered by entities that are competitively awarded a grant or contract by the local board to provide such services. Such entities may or may not be the same as those providing services under the One-Stop system in the local area. Each local area can determine the extent to which they want to integrate youth services with the adult and dislocated worker delivery system based in the One-Stop. It is envisioned that States and localities would make connections to the adult system through relationships with the private sector and higher education institutions, and through their streamlined administrative structure.

In order to be eligible for services, a youth must be ages 14-21, low income, and meet at least one of the six specified barriers to employment. Five percent of the youth served in a local area may be non-low-income if they experience one or more specified barriers to school completion or employment. In addition, in an attempt to focus resources on those most in need, thirty percent of funds in each local area must be expended on out-of-school youth. Youth that do not meet the eligibility requirements must be referred to the One-Stop or another appropriate program for further assessment in order to meet the basic skills and training needs of the individual.

Eligible Youth - Barriers to Employment:
Basic skills deficient;
A school dropout;

Homeless, a runaway, or a foster child;
Pregnant or a parent;
An offender;
An individual who requires additional assistance to complete an educational program, or to secure and hold employment.

The new law requires an individual assessment of skill levels and service needs and the development of a service strategy for each youth participant. The Act also outlines the required elements of the youth program. These elements are to include such activities as: tutoring, study skills training and instruction; alternative secondary school services; summer employment opportunities; paid and unpaid work experiences; occupational skill training; leadership development activities; supportive services; adult mentoring; and comprehensive guidance and counseling. An emphasis is placed on longer-term service through the provision of adult mentoring both during and after participation, for a total of not less than one year, and follow up services for not less than one year after the completion of participation. In addition, each participant must be provided information on the full array of appropriate services that are available through the local One-Stop system.

Youth Opportunity Grants: The Act authorizes the Youth Opportunity Grants initiative to direct resources to Empowerment Zones, Enterprise Communities, and other high-poverty areas, to provide comprehensive services designed to increase employment and school completion rates of youth. Through a national competitive grant process, the initiative will provide employment and training services to all disadvantaged youth in high-poverty areas for an extended period to change the culture of joblessness and high unemployment. Local boards will be the recipients of these grants, thus ensuring a strong linkage between these targeted investments and the formula youth program. The funds provided are to be used for the youth activities required under the formula program, and youth development activities such as leadership development, community service, and recreation activities. In addition, the program must provide intensive placement services and follow-up services for not less than two years after a youth has completed participation in other activities.

Job Corps: The Act contains several changes designed to strengthen the Job Corps program and to ensure that it functions as an integral part of the workforce investment system. The new provisions will ensure strong linkages among Job Corps centers, State workforce investment systems, employers, and local communities. It also assures that applicants are assigned to centers nearest to their homes.

Due to the size and scope of the Job Corps investment, the Act holds the program and individual Job Corps centers accountable to additional requirements. The Act identifies core indicators of performance including vocational completion and placement rates of students, earnings and retention in employment. It also requires the provision of continued services to graduates for one year after completion of the program.

The Act requires Job Corps centers to have a business and community liaison and an industry council to enhance cooperation with business. These requirements ensure connections between local labor markets and Job Corps centers, that the vocational training offered is relevant to labor market needs, and that participants learn occupational skills that are in demand in their home communities.

National Programs

Native Americans: Grants to support employment and training activities for Indian, Alaska Native, and Native Hawaiian individuals are authorized in order: (1) to develop more fully the academic, occupational, and literacy skills of such individuals; (2) to make such individuals more competitive in the workforce; and (3) to promote the economic and social development of Indian, Alaska Native, and Native Hawaiian communities in accordance with the goals and values of these communities. Provisions are similar to those contained in the Job Training Partnership Act. The Native American Employment and Training Council is retained to provide the Secretary of Labor with advice on program operations and administration. In addition, authority was added allowing the Secretary to waive statutory or regulatory requirements of this program (other than labor standards) pursuant to a request from a grantee.

Migrant and Seasonal Farmworkers: Similar to provisions in the Job Training Partnership Act, grants to support migrant and seasonal farmworkers and their dependents are authorized to: (1) strengthen the ability of the eligible individuals to obtain or retain unsubsidized employment or stabilize their unsubsidized employment; and (2) provide supportive services and related assistance. The Act adds specific eligibility criteria for migrant and seasonal farmworkers. In addition, funds are specifically earmarked for migrant youth activities.

Veterans: The Act retains the current law veterans' employment program (JTPA title IV-C) and expands the eligibility for the program to include, in addition to veterans with service-connected disabilities and recently separated veterans, veterans who have significant barriers to employment and veterans who served on active duty in the armed forces during a war or in which a campaign badge has been authorized (e.g. the Persian Gulf War).

National Activities

The Act requires the Secretary to conduct a wide variety of national activities. Every two years the Secretary must publish a plan that describes the national activity priorities for the next five-years. This plan, which will be published in the Federal Register and shared with Congress, will ensure that investments are planned in a strategic manner. The Act also requires the Secretary to conduct a study on improving the formulas for allocating funds contained in Act.

National Activities:
Technical Assistance.
Dislocated Worker Technical Assistance.

Pilot, Demonstration, Multiservice, Multistate and Research projects.
Dislocated Worker Pilot, Demonstration, Multiservice, Multistate and Research projects.
Evaluation.
National Emergency Grants.

Through this broad range of authorized activities, the Department will develop and implement techniques and approaches, and demonstrate the effectiveness of specialized methods, of addressing employment and training needs of individuals. Funds will also be used to evaluate the impact of workforce investment activities. In a change from current law, most awards are subject to competitive requirements, matching requirements, peer review, and time limits. These provisions will ensure the continued integrity of these investments.

Holding States and Localities Responsible for Results

Consistent with the performance-based approach provided in the Government Performance and Results Act (GPRA), the Department is placing a special emphasis on the area of program performance. This includes a focus on: outcomes rather than inputs; results rather than process; and continuous improvement rather than management control. The performance provisions contained in the Act reflect this emphasis, and provide increased flexibility in service delivery in exchange for increased accountability for results. Through these provisions, the Act strives to establish a comprehensive performance accountability system in order to optimize the return on investment of Federal funds in State and local workforce investment activities. This accountability system will assess the effectiveness of States and local areas in achieving positive results as well as the continuous improvement of their workforce investment systems.

Core Indicators of Performance: The Act establishes core indicators of performance for all adult, dislocated worker, and youth programs to be applied to States as well as local areas. The core indicators of performance for adult and dislocated worker activities (except for self-service and informational activities) and for youth participants age 19-21 include:

1. Entry into unsubsidized employment;
2. Retention in unsubsidized employment 6 months after entry into employment;
3. Earnings received in unsubsidized employment 6 months after entry into the employment; and
4. Attainment of a recognized credential relating to achievement of educational or occupational skills for individuals who enter employment. (For youth age 19-21, educational and skill attainment is measured for all individuals who enter postsecondary education, advanced training, or employment.)

The core indicators of performance for youth age 14-18 include:
1. Attainment of basic skills and, as appropriate, work readiness or occupational skills;
2. Attainment of secondary school diplomas and their recognized equivalents; and
3. Placement and retention in postsecondary education or advanced training, or placement and retention in military service, or employment -- including qualified apprenticeship.

In addition, a customer satisfaction indicator must be established that measures employers' and participants' satisfaction with the services received under this Act. The inclusion of a customer satisfaction indicator is important because securing employment is not the sole concern when job-seekers enter the workforce investment system. Customers are also concerned with their access to quality information, their treatment by program staff, and their access to services -- in short, how well they feel that the system met their needs. Recent research suggests that satisfaction with these other aspects of a system are important to individuals whether or not they find a stable job as a result of a training program or other service.

States also have the ability to identify additional indicators of performance, and must report annually on a number of other indicators specified in the Act, including employment, retention and earnings (12 months after entry into employment) and performance information on specific population groups.

Negotiated Levels of Performance: For each core indicator, and the customer satisfaction indicator, the State will negotiate its expected levels of performance for the State as a whole with the Secretary. These levels must be included in the State Workforce Investment Plan and the negotiation must be completed before a State receives any funds under the Act. Several factors are to be taken into account in this negotiation process: (1) the extent to which the levels will assist the State in attaining a high level of customer satisfaction; (2) how the levels compare with the levels for other States -- taking into account differences in economic conditions, characteristics of participants, and the services to be provided; and (3) the extent to which the levels promote continuous improvement in performance and ensure optimal return on the investment of Federal funds.

The State will carry out a similar negotiation with the local areas within their State -- taking into account specific economic, demographic and other characteristics of the areas --to establish their expected levels of performance for each core indicator.

Incentives, Sanctions and Technical Assistance: In an effort to drive positive results and continuous improvement, the Act contains strong ties between performance and funding. If a State fails to meet its expected levels of performance in any year, it can request technical assistance from the Department of Labor. If a State continues to fail to meet its agreed-upon performance levels for a second year -- or if a State fails to report its performance information in any year -- its funding can be reduced by up to five percent. If a State exceeds its expected levels of performance -- as well as its levels of performance under Adult Education and Vocational Education -- it will receive an incentive grant which must be used to finance innovative workforce investment projects within the State. The linking of performance for these three programs -- workforce investment, adult education, and vocational education -- illustrates the importance of collaboration of those systems.

New Roles and Flexibility

Partnerships at all levels -- local, State and Federal -- and across the system is the hallmark of the

new workforce investment system. All levels will be required to coordinate and collaborate with agencies and entities that have not been a part of the "traditional" workforce development system. The incorporation of programs and activities administered by agencies other than the Department of Labor into the One-Stop system will require enhanced coordination between Labor, Education, Housing and Urban Development, Transportation, Health and Human Services, and Agriculture -- and will require these entities to develop collaborative strategies for service delivery and work towards common goals. In addition, it is envisioned that business, labor organizations, community organizations, school, and other interested entities will be fully involved in the design and quality assurance of the new system. Dialogue with customers, partners, stakeholders, and Congress will be ongoing and consistent -- at every level, and between levels. Accountability and responsibility for outcomes at all levels of the system will exist, with each level having unique and integral roles and responsibilities. This will result in high quality, effective services for customers.

Local: In the new system, the local level remains key for policy and administrative decisions. It is where customers access services and where the design for the new One-Stop system and the consumer-driven training system will be implemented. Local Workforce Investment Boards will have important roles in the new system. Some of these roles include the development of a 5-year local plan, the identification of eligible providers of training services, and coordination of activities across programs. Through the local plan, the operation of the workforce investment system can be tailored to meet local needs.

The chief local elected officials continue to have a central role in the administration of workforce investment activities. Specifically, the chief local elected official:

Appoints the members of the local board, which is responsible for establishing workforce investment policies in the local area;

Develops, in collaboration with the local board, the local workforce investment plan, which specifies the types of services that will be provided, such as summer youth employment and training;

Serves, or designates an entity to serve, as the grant recipient for job training funds provided under the Act, which includes the responsibility for receiving and disbursing formula grant funds;

Works with the local board to conduct oversight of the One-Stop customer service system in the local area, designates and certifies One-Stop operators, appoints One-Stop partners (i.e., participating programs) and develops and approves the memoranda of understanding under which the One-Stop system will be administered; and

Works with the local board to negotiate with the Governor the performance levels that will be applicable to local areas and that could result in incentive funds or sanctions.

Additionally, representatives of chief elected officials are members of the State board that

develops the State plan and carries out other statewide activities.

State: The Act includes numerous features designed to provide States with increased flexibility in designing and implementing workforce investment systems. It also prescribes new roles for Governors. For example, the Workforce Investment Act:

Eliminates mandatory set-asides for education coordination grants and older worker programs, and combines the year-round and summer youth programs into a single funding stream -- resulting in far fewer funding constraints.

Requires that each State establish a business-led State Workforce Investment Board, consisting of the Governor and appointees of the Governor representing business, education, labor, local elected officials and others, to develop a comprehensive 5-year strategic State plan for all workforce investment activities, and monitor the operation of the workforce investment system.

Allows Governors to submit a single "unified" State plan covering numerous Federal education, training and employment programs. This provision also includes a requirement for joint planning and coordination through which the entities responsible for planning or administering such programs will review and comment on all components of the plan.

Allows, through the inclusion of grandfathering provisions, features of State laws enacted prior to December 31, 1997 relating to designation of service areas and sanctioning of local areas for poor performance that are inconsistent with the Act. In addition, all States may retain their existing State councils and local boards created under JTPA if they substantially meet the requirements of the Act and were in existence on December 31, 1997.

Assures that States retain any existing waivers that they have received from the Department of Labor and codifies the Secretary of Labor's waiver authority that previously only existed in annual Appropriations language. In addition, the Act expands eligibility for "Work-Flex" to all States -- flexibility that is currently limited to a six State demonstration.

Increases, significantly, the Governor's flexibility in using State reserve funds to finance activities that are State priorities. Under the Act, the State reserves fifteen percent from each of the three funding streams and may merge those funds and use them for an array of workforce investment activities -- including incumbent worker projects.

Provides the Governor with a significant new role in developing performance measures. They will have an important new opportunity to affect the measures that will be used to evaluate the effectiveness of the workforce investment system in their State.

State Workforce Investment Boards will also play an important role in the design and implementation of State systems. For example, the Board will assist the Governor to develop a 5-year strategic plan, continuously improve the system, designate local workforce investment areas, develop State performance measures, and develop allocation formulas.

Federal: The Federal role also is changing. The Federal role in the new workforce investment system will be one of a leader and an enabler -- with a focus on ensuring overall accountability for results rather than adherence to administrative process. The Federal role can be separated into the following areas that range from the most "hands-on" activities, to facilitating progress, to the administrative and support functions needed in this new system:

Strategic planning and policy formulation which defines and focuses the direction of the public system.

Performance accountability to ensure that States and localities meet program performance requirements and provide the highest level of service to customers.

Knowledge development which provides important research and evaluation findings to the workforce investment system to facilitate better ways of delivering workforce investment-related activities.

Technical assistance which provides expert assistance to State and local partners and other stakeholders.

Administration and oversight to ensure financial accountability of programs and compliance with legal requirements.

Prototype information systems which design and support national information and communication needs.

Transition Efforts

The Department is in the process of organizing for the transition to the new workforce investment system. An implementation task force has been appointed, and a number of workgroups have been established to focus on a wide variety of transition issues. The following workgroups have been established: (1) Policy Development; (2) Performance Accountability; (3) Outreach and Communications; (4) Administration and Close-Out; (5) Program Services; and (6) Technical Assistance.

Although States are not required to fully implement all of the requirements of the Act until July 1, 2000 -- the Department encourages States that are ready to implement early, beginning July 1, 1999. In order to enable States to implement beginning in July of 1999 -- the Department intends to work quickly to develop planning guidance. The Department intends to publish interim final regulations in the Federal Register by early February 1999.

The Department recognizes that flexibility is key to implementing the legislation. The Act is not the status quo; and a "do it this way" approach dictated by the Federal government will not work. States and local areas must be able to work in partnership to address the needs of workers and employers by designing systems that make sense for local labor markets and produce results. We

can help as a partner, but the most important linkages will be ones forged at State and local levels.

Consultation Process: The transition can only be enhanced by tapping into established networks to draw on the broadest possible participation and contribution to the planning, implementation and follow up of the Workforce Investment Act by the organizations and people who will be the ones to make it happen. The Department of Labor is taking an all inclusive approach to engaging the system in the implementation of the Act. A variety of strategies will be used to ensure continuous, two-way communication between the Federal, State, and local partners, stakeholders, and other interested organizations and individuals.

Information will be openly shared throughout the planning and implementation process. Input will be sought on a continuous basis to ensure that this process is truly a collaborative one. Various meetings of workforce investment partners, customers, and other stakeholders will be used as an arena to share current information on proposed implementation policies/strategies as well as seek input from the system. In addition, various roundtables and policy forums will be held in each of the Department's ten regions to facilitate and encourage a continuous face-to-face dialogue throughout the planning and implementation process.

A workforce investment website (http:\\usworkforce.org) has been established to provide a vehicle for continuous, ongoing communications. The website is intended to function as an open forum for dialogue between federal, state, local partners, stakeholders and other interested individuals and organizations. This website will enable implementation plans to be shared as they are developed, questions to be raised, issues to be surfaced, and solutions to be proposed. A question and answer system is being developed to provide a medium through which the Department can respond to questions raised by State and local partners and individual stakeholders. Once answers are developed, they will be posted promptly on the website. Hard copies of questions and answers will be prepared and distributed to the system on a periodic basis.

Regulations: The Department intends to publish interim final regulations by early February 1999, with final regulations scheduled to be issued by the end of 1999. The Department has developed a set of principles to guide the regulations writing process. These principles include:

Customer First. The first consideration in writing regulations will be to consider how they may impact on service to the customers -- participants and employers.

Consistency. The regulations will be internally consistent, in terms of the message, tone, length and quality, and written in a style that conveys information in a manner that is easy to read and understand.

Input on Key Issues. Input will be sought from the workforce investment community as a whole through various media and through individual workgroups, as appropriate, on issues which need to be addressed in regulations before and during regulation writing.

Minimal Regulations. Regulations will be prepared only when: -- clarifications are needed to implement legislative provisions; -- explanations on how the agency intends to interpret the Act are necessary; -- specific issues are not addressed in the legislation requiring a rule to fill gaps in the legislation; and -- policy guidance would be insufficient to allow grantees to ensure that critical provisions are implemented.

Flexibility. All regulations will permit the maximum flexibility to customers as well as State and local governments in terms of service and implementation of legislative provisions.

Administrative Feasibility. Regulations will be written in a manner which permits persons at State and local levels to use them under a variety of circumstances.

Technical Assistance: By early 1999, a comprehensive technical assistance strategy will be in place. It is envisioned that the technical assistance effort will focus on three areas: (1) assisting States and localities in closing-out the JTPA system; (2) assisting "early implementers"-- States that will begin operating under the Act in 1999; and (3) assisting States that will not begin implementing the new requirements until the year 2000.

Initial Implementation Timeline

The Department intends to meet the following timeline for the implementation of the new system:

Begin Consultations on Planning/Program/Policy Guidance **September 1998**
Regions and States Identify Closeout Issues **October 1998**
Publish Planning Guidance **November 1998**
Publish Interim Final Regulations **February 1, 1999**
Early States Submit Plans **April 1, 1999**
Early State Implementation and Operation **July 1, 1999**
Publish Final Regulations **December 31, 1999**
All States Implementing Workforce Investment Act **July 1, 2000**

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